99TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
99-539

NATIVE AMERICAN PROGRAMS AMENDMENTS OF 1986

APRIL 16, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

[To accompany H.R. 3247]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 3247) to amend the Native American Programs Act of 1974 to authorize appropriations for fiscal years 1987 through 1990, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes all after the enacting clause and inserts a new text which appears in italic type in the reported bill.

INTRODUCTION

On September 9, 1985, Congressman Dale E. Kildee introduced H.R. 3247, the Native American Programs Amendments of 1986, authorizing appropriations for fiscal years 1987, 1988, 1989, and 1990.

COMMITTEE ACTION

The Subcommittee on Human Resources held a hearing on reauthorization of the Native American Programs Act on September 12, 1985, in Washington, D.C. Testifying were Gregory W. Frazier, Chief Executive, National Urban Indian Council, Denver, Colorado; Suzan Harjo, Executive Director, National Congress of American Indians, Washington, D.C.; Phillip Martin, Chief, Mississippi Band of Choctaw Indians, Philadelphia, Mississippi; John Christensen, Executive Director, Abenaki Self-Help Association, Swanton, Vermont; A. Van Horn Diamond, Director of Economic Development, Alu Like, Honolulu, Hawaii.

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On February 24, 1986, the Subcommittee on Human Resources held a reauthorization hearing at which time Administration witnesses testified on the Native American Programs Act. Testifying were Honorable Dorcas R. Hardy, Assistant Secretary, Office of Human Development Services; Honorable William Lynn Engles, Commissioner, Administration for Native Americans.

On March 20, 1986, the Subcommittee marked-up the bill. On April 10, 1986, the Committee on Education and Labor considered the bill and ordered the bill reported with an amendment without objection.

Background and Need for Legislation

The Native American Programs Act of 1974 was originally enacted on January 4, 1975 (P.L. 93-644) as Title VIII of the Economic Opportunity Act. Among federal programs, the Act is unique in providing assistance for the benefit of Native Americans. Consequently, the Act was extended in 1978 (P.L. 95-568), 1981 (P.L. 97-35), and 1984 (P.L. 98-558). Testimony presented to the Subcommittee on Human Resources clearly indicated that the Act is very successful and provides flexible assistance in a manner and to a service population unlike any other federal program. Without the enactment of this bill, the Act will expire on September 30, 1986.

The purpose of the Native American Programs Act (P.L. 93-644, as amended) is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives, and Alaskan Natives. To accomplish this purpose, the Act authorizes three types of assistance: (1) financial assistance to support locally developed projects under section 803; (2) training and technical assistance under section 804; and (3) financial assistance to support research, demonstration, and evaluation activities under section 805.

The administration of the Act is vested in the Secretary of Health and Human Services who is directed to delegate those responsibilities to the Commissioner of the Administration for Native Americans (ANA). Those desiring financial assistance make requests in the form of grant applications, which must address application criteria established by ANA. The Commissioner has traditionally exercised his authority to review applications for assistance by utilizing peer review (or field reader) panels of Indian, Alaskan, and Hawaiian experts. After receiving the recommendations of these peer reviewer panels, the Commissioner has generally exercised his discretion in deciding which applications to fund based upon additional information available to him (e.g., past performance of grantees).

Assistance under section 803 is provided through grants and contracts to a wide range of eligible native recipients including the governing bodies of Indian tribes on Federal and state reservations, Alaskan Native villages and regional corporations, public and private nonprofit agencies serving Hawaiian Natives, and Indian organizations in urban and rural nonreservation areas. The following are frequently pursued objectives in section 803 grants:

Increased employment of Native Americans;
Indian business development;
Strengthening of tribal government functions;

Achievement of tribal management and organization goals;
Construction and renovation of housing units; and
Alaska Native village development.

Training and technical assistance is authorized for the purpose of assisting eligible entities in developing and administering projects funded under the Act, and by providing short-term in-service training for project personnel.

Research, demonstration and evaluation is authorized to provide assistance to test or assist in the development of new approaches and methods that will further the social and economic development of local Native American communities.

According to the Department of Health and Human Services, the ANA program has been very successful as demonstrated by the following statistics from fiscal year 1984:

the total number of new jobs for Native Americans resulting from ANA projects was 11,165;

a total of 601 Indian and Native Hawaiian businesses were started or expanded; and

ANA projects involving tribal energy resources resulted in $52 million in increased income.

Explanation of the Bill

H.R. 3247, as introduced, reauthorized the Native American Programs Act of 1974 for an additional four years. The bill authorized appropriations for each year at a level of such sums as may be necessary. The Committee added new provisions related to applications for assistance and rulemaking.

Section 2 of the bill contains two provisions related to applications for assistance. The first amends section 803 to authorize the Administration for Native Americans (ANA) to award multi-year grants. For grantees attempting to operate projects which require more than one year of funding, having to apply and compete every year presents unnecessary difficulties. Thus, the Committee's intent is that this type of grant be available to those applicants who can demonstrate that a limitation of the grant to one year would significantly reduce their project's effectiveness. In addition, the applicant should be required to include a specific multi-year plan with the application. The review of continuation applications is not a competitive process, it is not subject to the peer review procedures required in section 2(4) of the bill. Thus, ANA can focus its review of the continuation applications (for the additional years of the grant period) on whether (1) the project plan is consistent with the multi-year plan approved as a part of the original application, (2) the grantee made satisfactory progress in the prior year, and (3) the grantee has satisfied all applicable financial and program reporting requirements. The Commissioner should give first priority to funding continuation grants. Although there is no limitation in the bill on the duration of multi-year grant awards, the Committee recommends a maximum of three years.

The second provision in section 2 requires ANA to formally establish its current peer review (i.e., field reader) process for reviewing applications for assistance. Consistent with ANA's current practice, the amendment also requires that, in selecting peer re-

viewers, the Commissioner give preference to American Indians, Hawaiian Natives, and Alaskan Natives. In no case may any official or employee of ANA sit on a peer review panel. Following the review of applications, each peer review panel must rank them in the order of their relative merit. These lists will be submitted to the Commissioner.

The bill leaves to the Commissioner's discretion the method to be used in combining the lists if more than one peer review panel is used. Additionally, the Commissioner may select any of the applications for funding in any order he chooses. The Committee wishes to strongly emphasize that there is no intention to limit the Commissioner's grant making discretion. What the amendment provides is that, in each instance that he selects an application for funding ahead of another application which the peer review panel(s) identified as superior in merit, he must make a record explaining the reasons for his selection. These reasons must detail why he selected this application and why he did not select the other application(s) ranked superior in merit. After the Commissioner makes the grant awards, he is required to submit to the Committee and to the Senate the following documents: (1) the rankings submitted to the Commissioner by the peer review panel(s); (2) a list of the applications approved for awards; and (3) the record containing the Commissioner's reasons for deciding not to follow the list of ranked applications. It is not the intention of the Committee to require the routine submission of such materials as grant application or ratings applications by individual peer reviewers.

Section 3 amends the Act by establishing a new section 814 with five new rulemaking provisions. The first provision makes the Native American Programs Act subject to the Administrative Procedure Act. The result is that ANA must publish in the *Federal Register,* as a notice of proposed rulemaking, all changes in general statements of policy, application requirements or priorities, other grantee or program requirements, as well as any changes in ANA organization, procedure, or practice. ANA must also afford interested parties at least thirty days to comment on the proposed rule before it can be published in final form. This is intended to curtail the ANA practice of simply announcing changes in policy or specific requirements without public comment. An example of the this was contained in the August 12, 1985 program announcement (50 *Federal Register* 32542)—"The following activities are inconsistent with the policies of ANA: . . . ('third party T/TA')." Although not prohibited by section 805 of the Act, ANA nonetheless decided that they would not support this method of providing training and technical assistance without soliciting Indian/Alaskan/Hawaiian input. This type of policymaking is clearly not consistent with the Federal policy of Indian Self-Determination.

The second provision in section 3 requires ANA to place in all published rules, citations of legal authorizing the particular action. Legal authority includes applicable statutes, regulations, case law, executive orders, and Office of Management and Budget Circulars.

The third provision provides that, when it becomes necessary or appropriate to issue a rule following the enactment of a law, the new rule must be published in final form within six months.

The fourth provision requires ANA to transmit a copy of each published rule to the House of Representatives and to the Senate.

The fifth provision amends the Act's definitions by stipulating that the meaning of the term "rule" used in the Act is the same as the one used in the Administrative Procedure Act.

The Committee remains concerned about ANA's responsiveness to urban concerns, the lack of which has contributed to the decreasing number of urban grants. More attention should be given to these grantees in both policy input and technical assistance contexts.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(l)(3) (B) and (C) of rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 16, 1986.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 3247, the Native American Programs Amendments of 1986, as ordered reported by the House Committee on Education and Labor on April 10, 1986.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3247.

2. Bill title: Native American Programs Amendments of 1986.

3. Bill status: As ordered reported from the House Committee on Education and Labor, April 10, 1986.

4. Bill purpose: The purpose of this bill is to amend and extend the authorization for appropriations for Native American Programs through 1990. This bill is subject to subsequent appropriations action.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991
Estimated authorization level	30.6	32.3	34.0	35.8	.....
Estimated outlays	11.0	28.8	32.7	34.5	22.8

The costs of this bill fall within function 500.

Basis of Estimate: This bill authorizes financial assistance to public and nonprofit private agencies for projects to promote self-sufficiency for Native Americans. The program is authorized at such sums as may be necessary. The 1986 appropriation level, adjusted for inflation, was used to estimate authorization levels. Outlay estimates were made assuming full appropriation of estimated authorization levels. Outlays reflect the current spending pattern of these programs.

6. Estimated cost to State and local government: The Congressional Budget Office has determined that the budgets of state and local governments would not be affected directly by the enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Ken Pott.

10. Estimate approved by:

C.G. NUCKOLS,
(For James L. Blum,
Assistant Director for Budget Analysis).

COMMITTEE ESTIMATE

With reference to the statement required by clause 7(a)(1) of rule XIII of the Rules of the House of Representatives, the Committee adopts the estimate prepared by the Congressional Budget Office.

INFLATIONARY IMPACT STATEMENT

In compliance with clause (2)(l)(4) of rule XI of the Rules of the House of Representatives, the committee estimates that the enactment into law of H.R. 3247 will have no inflationary impact on prices and costs in the operation of the national economy. It is the judgement of the Committee that there is no inflationary impact of this legislation as a component of the Federal budget.

COMMITTEE FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, this report embodies the findings and recommendations of the Subcommittee on Human Resources, established pursuant to clause 2(b)(1) of rule X of the House of Representatives and rule 18(a) of the Rules of the Committee on Education and Labor (see Background and Need for Legislation).

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the committee states that no findings or recommendations of the Committee on Government Operations were submitted to the Committee with reference to the subject matter addressed in H.R. 3247.

SECTION-BY-SECTION ANALYSIS

Short Title

Section 1 provides that this Act may be cited as the "Native American Programs Amendments of 1986."

Review of Applications for Assistance

Section 2(1) amends section 803(a) to permit the Secretary to award grants on a single year or multiyear basis.

Section 2(2) and (3) redesignate certain sections.

Section 2(4) provides that the Secretary shall establish a formal peer review process for the purpose of evaluating applications for assistance and provides that certain review documents shall be provided to the Congress following the awarding of grants.

Procedural Requirements

Section 3(a) provides that the program authorized by this Act shall be subject to the Administrative Procedure Act.

Section 3(b) amends section 315 by clarifying the definition of the term "rule".

Authorization of Appropriations

Section 4 amends section 816(a) to extend the authorization of appropriations through fiscal year 1990.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows: (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIVE AMERICAN PROGRAMS ACT OF 1974

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FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

SEC. 803. (a) The Secretary is authorized to provide financial assistance, *on a single year or multiyear basis,* to public and nonprofit private agencies, including but not limited to, governing bodies of Indian tribes on Federal and State reservations, Alaskan Native villages and regional corporations established by the Alaska Native Claims Settlement Act, and such public and nonprofit private agencies serving Hawaiian Natives, and Indian organizations in urban or rural nonreservation areas, for projects pertaining to the purposes of this title. In determining the projects to be assisted under this title, the Secretary shall consult with other Federal agencies for the purpose of eliminating duplication or conflict among similar activites or projects and for the purpose of determining whether the findings resulted from those projects may be incorporated into one or more programs for which those agencies are responsible. Every determination made with respect to a request for financial

assistance under this section shall be made without regard to whether the agency making such request serves, or the project to be assisted is for the benefit of, Indians who are not members of a federally recognized tribe. To the greatest extent practicable, the Secretary shall ensure that each project to be assisted under this title is consistent with the priorities established by the agency which receives such assistance.

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PEER REVIEW OF APPLICATIONS FOR ASSISTANCE

SEC. 806. (a)(1) The Secretary shall establish a formal peer review process for purposes of evaluating applications for financial assistance under sections 803 and 805 and of determining the relative merits of the projects for which such assistance is requested.

(2) Members of peer review panels shall be appointed by the Secretary from among individuals who are not officers or employees of the Administration for Native Americans. In making appointments to such panels, the Secretary shall give preference to American Indians, Hawaiian Natives, and Alaskan Natives.

(b) Each peer review panel established under subsection (a)(2) that reviews any application for financial assistance shall—

(1) determine the merit of each project described in such application;

(2) rank such application with respect to all other applications it reviews for the fiscal year involved, according to the relative merit of all of the projects that are described in such application and for which financial assistance is requested; and

(3) submit to the Secretary a list that identifies all applications reviewed by such panel and arranges such applications according to rank determined under paragraph (2).

(c) Whenever the Secretary approves an application for financial assistance under section 803 or 805, the Secretary shall transmit to the Committee on Education and Labor of the House of Representatives and the President pro tempore of the Senate written notice—

(1) identifying such application;

(2) containing a copy of the list submitted to the Secretary under subsection (b)(3) in which such application is ranked;

(3) specifying which other applications ranked in such list have been approved by the Secretary under sections 803 and 805; and

(4) if the Secretary has not approved each application superior in merit, as indicated on such list, to the application with respect to which such notice is transmitted, containing a statement of the reasons relied upon by the Secretary for—

(A) approving the application with respect to which such notice is transmitted; and

(B) failing to approve each pending application that is superior in merit, as indicated on such list, to the application described in subparagraph (A).

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, OR PILOT PROJECTS

SEC. [806.] *807.* (a) The Secretary shall make a public announcement concerning—

(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency for a research, demonstration, or pilot project; and

(2) except in cases in which the Secretary determines that it would not be consistent with the purposes of this title, the results, findings, data, or recommendations made or reported as a result of such activities.

(b) The public announcements required by subsection (a) shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

SEC. [807.] *808.* (a) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out on or in an Indian reservation or Alaskan Native village, unless a plan setting forth the project has been submitted to the governing body of that reservation or village and the plan has not been disapproved by the governing body within thirty days of its submission.

(b) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a State other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead, unless the Secretary has notified the chief executive officer of the State of the decision of the Secretary to provide that assistance.

(c) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan Native village, or Hawaiian Homestead, unless the Secretary has notified the local governing officials of the political subdivision of the decision of the Secretary to provide that assistance.

RECORDS AND AUDITS

SEC. [808.] *809.* (a) Each agency which receives financial assistance under this title shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by that agency of such financial assistance, the total cost of the project in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have

access for the purpose of audit and examination to any books, documents, papers, and records of any agency which receives financial assistance under this title that are pertinent to the financial assistance received under this title.

APPEALS, NOTICE, AND HEARING

SEC. [809.] *810.* The Secretary shall prescribe procedures to assure that—

(1) financial assistance under this title shall not be suspended, except in emergency situations, unless the assisted agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(2) financial assistance under this title shall not be terminated, and application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the assisted agency has been afforded reasonable notice and opportunity for a full and fair hearing.

EVALUATION

SEC. [810.] *811.* (a) The Secretary shall provide, directly or through grants or contracts, for the evaluation of projects assisted under this title, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

(b) Prior to obligating funds for the programs and projects covered by this title with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this title. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this title.

(c) In carrying out evaluations under this title, the Secretary may require agencies which receive assistance under this title to provide for independent evaluations.

(d) In carrying out evaluations under this title, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this title about such programs and projects.

(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact, and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

(f) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed

with assistance under this title shall become the property of the United States.

LABOR STANDARDS

SEC. [811.] *812.* All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting or decorating, of buildings or other facilities in connection with projects assisted under this title, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 1, 1934.

ADMINISTRATION; DELEGATION OF AUTHORITY

SEC. [812.] *813.* (a)(1) The general administration of the programs authorized by this Act shall remain within the Department of Health and Human Services and, notwithstanding any authority under any other law, may not be transferred outside of such Department.

(2) The Secretary shall continue to administer grants under section 803 through the Administration for Native Americans. The Commissioner of such Administration may not delegate outside of the Administration the functions, powers, and duties of the Commissioner to carry out such section.

(b)(1) Except as provided in subsection (a)(2), the Secretary may delegate only to the heads of agencies within the Department of Health and Human Services any of the functions, powers, and duties of the Secretary under this title and may authorize the redelegation only within such Department of such functions, powers, and duties by the heads of such agencies.

(2) Funds appropriated to carry out this title, other than section 803, may be transferred between such agencies if such funds are used for the purposes for which they are authorized and appropriated.

(c) Nothing in this section shall be construed to prohibit interagency funding agreements made between the Administration for Native Americans and other agencies of the Federal Government for the development and implementation of specific grants or projects.

ADDITIONAL REQUIREMENTS APPLICABLE TO RULE MAKING

SEC. 814. (a) Notwithstanding subsection (a) section 553 of title 5, United States Code, and except as otherwise provided in this section, such section 553 shall apply with respect to the establishment and general operation of any program that provides loans, grants, benefits, or contracts authorized by this title.

(b) The last sentence of section 553(b) of title 5, United States Code, shall not apply with respect to any rule (including any general statement of policy) that is—

(1) proposed under this title;

(2) applicable to any program, project, or activity authorized by, or carried out under, this title; or

(3) applicable to the organization, procedure, or practice of an agency (as defined in section 551(1) of title 5, United States Code) and that would affect the administration of this title.

(c) Notwithstanding section 553(d) of title 5, United States Code, no rule (or general statement of policy) that—

(1) is issued to carry out this title;

(2) applies to any program, project, or activity authorized by, or carried out under, this title; or

(3) is applicable to the organization, procedure, or practice of an agency (as defined in section 551(1) of title 5, United States Code) and that will affect the administration of this title;

may take effect until 30 days after the publication required under the first 2 sentences of section 553(b) of title 5, United States Code.

(d) Each rule to which this section applies shall contain after each of its sections, paragraphs, or similar textual units a citation to the particular provision of statutory or other law that is the legal authority for such section, paragraph, or unit.

(e) Except as provided in subsection (c), if as a result of the enactment of any law affecting the administration of this title it is necessary or appropriate for the Secretary to issue any rule, the Secretary shall issue such rule not later than 180 days after the date of the enactment of such law.

(f) Whenever an agency publishes in the Federal Register a rule (including a general statement of policy) to which subsection (c) applies, such agency shall transmit a copy of such rule to the Speaker of the House of Representatives and the President pro tempore of the Senate.

DEFINITIONS

SEC. **[**813.**]** *815.* As used in this title, the term—

(1) "financial assistance" includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

(2) "Indian reservation of Alaskan Native village" includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reservation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancheria, with allotted lands or lands subject to a restriction against alienation imposed by the United States or an State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaskan Natives or Alaskan Natives organizations under the Alaska Native Claims Settlement Act;

(3) "Native Hawaiian" means any individual any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778; **[**and**]**

(4) the term "rule" has the meaning given it in section 551(4) of title 5, United States Code, as amended from time to time; and

[(4)] *(5)* "Secretary" means the Secretary of Health and Human Services.

AUTHORIZATION OF APPROPRIATIONS

SEC. [814.] *816.* (a) There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal year 1979 through [1986.] *1990.*

(b) Not less than 90 per centum of the funds made available to carry out the provisions of this title for a fiscal year shall be expended to carry out section 803(a) for such fiscal year.

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99TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
99-545

COMMUNITY SERVICES PROGRAMS AMENDMENTS OF 1986

APRIL 17, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

SUPPLEMENTAL AND ADDITIONAL VIEWS

[To accompany H.R. 4421]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 4421) to authorize appropriations for fiscal years 1987, 1988, 1989, and 1990 to carry out the Head Start, Follow Through, dependent care, community services block grant, and community food and nutrition programs, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes all after the enacting clause and inserts a new text which appears in italic type in the reported bill.

INTRODUCTION

In reporting H.R. 4421, the committee proposes to authorize the Head Start, Follow Through, State Grants for Dependent Care, Community Services Block Grant, and Community Food and Nutrition programs for fiscal years 1987, 1988, 1989, and 1990. All of the community-based human service programs in this package are now authorized under Title VI, Chapter 8, of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35). All of these programs have the goal of increasing the ability of individuals and families to become self-sufficient.

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COMMITTEE ACTION

During the month of February 1986, the Subcommittee on Human Resources held reauthorization hearings on Head Start, Follow Through, and the Community Services Block Grant leading to the introduction of H.R. 4421. On February 6, 1986, the Subcommittee held a reauthorization hearing in Washington, D.C., on the CSBG program. Witnesses included Jerrold R. Speers, Acting Director, Office of Community Services, Department of Health and Human Services; Herschel Saucier, Federal Liaison, Office of Community, Intergovernmental and Public Affairs, Georgia Department of Human Resources; Cabell Brand, President and Chairman, The Stuart McGuire Company, Inc., Salem, Virginia; Caroline Lewis, Executive Director, Community and Family Services, Portland, Indiana; and Don Sykes, Executive Director, Community Development/Social Development Commission, Milwaukee, Wisconsin.

The Subcommittee on Human Resources held a field hearing on the reauthorization of Head Start in Cedar Rapids, Iowa, on February 14, 1986. Witnesses included Clennie H. Murphy, Jr., Acting Associate Commissioner, Head Start Bureau, Department of Health and Human Services; Nancy Hashman, Director, Hawkeye Area Community Action Program Head Start, Cedar Rapids, Iowa; Monica Streeper, Head Start Parent, Onslow, Iowa; Marcia Huemoeller, Head Start Director, Operation: New View, Dubuque, Iowa; Sarah M. Greene, President, National Head Start Association, East Bradenton, Florida; Sharon Ford, President, National Head Start Directors Association, Burlington, Iowa; Joanne Lane, Chair, Iowa Commission on Children, Youth and Families, Waterloo, Iowa; Karen King, Director, Polk County Child Care Resource Center, Des Moines, Iowa; and Michael Knapp, Legislative Chairman, Iowa Association for the Education of Young Children, Waterloo, Iowa.

The subcommittee held a reauthorization hearing on Follow Through in Washington, D.C., on February 20, 1986. Testifying were Eugene A. Ramp, Chairman, National Follow Through Association, University of Kansas, Lawrence, Kansas; W. Ray Rhine, University of Missouri, St. Louis, Missouri; Richard H. Feldman, Bank Street College of Education, New York, New York; Edward J. Hansberry, Coordinator of Compensatory Programs, Flint Community Schools, Flint, Michigan; and Mrs. Dorothy Rice, Director, Follow Through Program, Washington, D.C., accompanied by Mrs. Helen Suber and Clinton Gatlin, Follow Through Parent and Student, and Mrs. Lauretta Brown and Xavier Brown, Follow Through Parent and Student.

In addition, the Subcommittee on Human Resources held another reauthorization hearing in Washington, D.C., on February 24, 1986, with witnesses presenting testimony on several programs including Head Start, Administration for Native Americans, Follow Through, CSBG, and the Low Income Home Energy Assistance Program. Testifying were Dorcas Hardy, Assistant Secretary for Human Development Services, Department of Health and Human Services, accompanied by Dodie Livingston, Commissioner, Administration for Children, Youth and Families, William Lynn Engles,

Commissioner, Administration for Native Americans, and Clennie H. Murphy, Jr., Acting Associate Commissioner, Head Start Bureau; Lawrence J. Davenport, Assistant Secretary for Elementary and Secondary Education, Department of Education, accompanied by Sally H. Christensen, Director, Budget Service, Office of Planning, Budget and Evaluation, and Mary Jean LeTendre, Director, Compensatory Education Programs; and J. William Gadsby, Associate Director, Human Resources Division, General Accounting Office.

H.R. 4421 was introduced by Mr. Kildee, Chairman of the Subcommittee on Human Resources, on March 17, 1986. Original co-sponsors included Mr. Tauke, Mr. Hawkins, Mr. Jeffords, Mr. Perkins, and Mr. Owens. The bill was approved by the subcommittee on March 20, 1986, with two technical amendments to Section 2, Head Start Programs. H.R. 4421 was reported out of full committee on April 10, 1986, by voice vote. The bill has 70 co-sponsors. In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the committee states that on April 10, 1986, a quorum being present, the committee favorably ordered reported H.R. 4421 by voice vote.

Background and Need for Legislation

For 21 years, Head Start has been providing comprehensive services to address the educational, social, nutrition, and health needs of preschool-aged children from low income families. It is a particularly good example of a cost-effective investment for society. Results of longitudinal studies such as the High/Scope Educational Research Foundation's Perry Preschool Project indicate that substantially fewer graduates of quality preschool programs were placed in remedial or special education classes, dropped out of school, became involved in crime, or received welfare. At the present time, Head Start is serving 452,000 children—only 17 percent of those who are eligible.

Follow Through focuses on the continuing development of disadvantaged children who participated in Head Start or similar preschool programs when those children enter kindergarten and the primary grades. About 13,500 children are directly served by Follow Through each year, but thousands of others benefit indirectly as their local school districts replicate successful models developed by Follow Through. Hundreds of local education agencies use Follow Through techniques in this manner.

The dependent care programs provide 75 percent matching grants to states for child care services before and after school in public or private school facilities or in community centers when school facilities are not available, and also for local resource and referral systems providing information on child care services. Sixty percent of the funds are to be used for school-age ("latchkey") children's services and 40 percent are to be used for the information and referral systems. Funds for this program were first appropriated in FY 1986.

The Community Services Block Grant program (CSBG) is the only federal program with the specific objective of poverty prevention and alleviation as its primary focus. Created in 1981 by the

Omnibus Budget Reconciliation Act, CSBG has been successful in sponsoring state and local initiatives aimed at promoting economic self-sufficiency. It provides block grants to states for services and activities and also provides a discretionary fund to support programs which address the needs of low-income persons with regard to rural housing, national youth sports, community economic development, migrant and seasonal farmworker assistance, and most recently, community food and nutrition programs.

Head Start, Follow Through, and community services programs were all established under the Economic Opportunity Act to help address the needs of low-income children and families. These programs share a common history, as essential maneuvers in the war on poverty. These programs share a common orientation, working within the local community to address the needs of individuals. They share a common goal, that of helping people to move from situations of dependency to situations of self-sufficiency. All of the programs included in H.R. 4421 are now authorized under Title VI, Chapter 8 of the Omnibus Budget Reconciliation Act of 1981. When it was enacted in 1984, the dependent care grants program was added, like Head Start and Follow Through, as a new subchapter under the "Community Services Programs" heading.

In the early 1960's, national statistics showed that one in five Americans lived in poverty. In response to this, President Johnson on March 16, 1964, proposed the Economic Opportunity Act of 1964. Both the House bill, H.R. 10440, and the Senate bill, S. 2642, proposed a separate Federal agency to develop and administer innovative and effective programs to combat the causes of poverty. On August 20, 1964, the Economic Opportunity Act of 1964 was passed into law. The Act established an Office of Economic Opportunity (OEO) in the Executive Office of the President to administer various anti-poverty programs, including the Job Corps, work-training and work-study programs, community action programs, a rural loan program, migrant workers program, a small business loan program, Head Start, Foster Grandparents, and Volunteers in Service to America (VISTA).

The Act stated that the purpose of all of these programs was "to eliminate the paradox of poverty in the midst of plenty . . . by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity." A total of $947.5 million was authorized for these programs in fiscal year 1965.

In 1965 and 1966, President Johnson urged an expansion of the war on poverty. On September 29, 1966, H.R. 15111 was passed by the House and Senate and the Economic Opportunity Amendments of 1966 were signed into law. In 1967, the Congress undertook a thorough re-evaluation of the federal antipoverty effort. The Economic Opportunity Act of 1965 produced major changes. Youth and adult training programs were consolidated into one comprehensive work training program. Special impact programs were established, the scope and purposes of community action agencies were redefined, and four new special programs (Follow Through, Emergency Food and Medical Services, Upward Bound, and Senior Opportunities and Services) were enacted.

In 1969, relatively few changes were made. In 1971, Congress again amended the Economic Opportunity Act. President Nixon had several objections and vetoed the bill. These differences were worked out and on September 19, 1972, the President approved the bill and the Economic Opportunity Act Amendments of 1972 were enacted into law.

In 1974, the Congress passed major amendments to the Act. On January 4, 1975, President Ford signed the Head Start, Economic Opportunity and Community Partnership Act of 1974. Under the compromise reached by the House and Senate, OEO became the Community Services Administration (CSA), a newly created independent federal agency to succeed OEO. Essentially, the CSA was to continue the ongoing operation of OEO, subject to various changes created by the new legislation.

The 1974 amendments also required that the agency be headed by a separate director appointed by the President with Senate confirmation. The Director was to be responsible for all policy-making functions including the final approval of grants or contracts. Additionally, these amendments provided for a three-year extension for the operation of all programs through fiscal year 1978. The 1974 Act continued programs such as Head Start, Follow Through, and Community Economic Development.

The 1974 amendments also directed that Head Start funds be allocated to states in equal proportion on the basis of each state's relative number of children living in families with income below the poverty line and the relative number of public assistance recipients in each state. The law also required that no state was to receive less funds in fiscal years 1976, 1977, and 1978 than it received in fiscal year 1975. It also transferred Head Start to the Department of Health, Education and Welfare.

On November 2, 1978, the Economic Opportunity Act Amendments of 1978, P.L. 95-568, were signed into law. As enacted, the 1978 amendments extended the Economic Opportunity Act for three years, set the non-federal share for community action agencies at 20 percent, authorized a new categorical demonstration program and made a number of other minor changes in the law.

On May 19, 1981, the House Education and Labor Committee reported H.R. 3045, the Economic Opportunity Act Amendments of 1981 (House Report 97-69). H.R. 3045, after incorporation into one version of a reconciliation bill which was defeated, was replaced by a version in the Omnibus Reconciliation Act of 1981 (P.L. 97-35), passed on August 13, 1981. In the Reconciliation Act, Head Start and Follow Through were continued for three additional years. However, the Follow Through Act was to be repealed on October 1, 1984.

Under the Reconciliation Act, CSA was abolished and replaced by the Community Services Block Grant (CSBG). This was a compromise measure in response to the Reagan Administration's proposed elimination of CSA and transfer of its functions into a social services block grant which contained no mention of the word "poverty". Many CSA activities were continued through the CSBG, which was authorized through FY 1986.

The Human Services Reauthorization Act (P.L. 98-558), enacted October 30, 1984, extended the authorizations for Head Start,

Follow Through, and CSBG, as well as several other human services programs, through FY 1986. P.L. 98–558 also established the state grants for dependent care planning and development program and authorized $20 million for this program for each of FY 1985 and 1986. Community Food and Nutrition, a program operated by CSA prior to the creation of the CSBG, also was re-established as a distinct discretionary grant program and authorized at $2.5 million for each of FY 1985 and 1986.

The 1984 Amendments made several programmatic changes in Head Start and CSBG. For Head Start, the Amendments specified that discretionary funds were not to be combined with funds under other Acts for single discretionary payments unless such funds are separately identified and used for purposes related to Head Start. P.L. 98–558 also prohibited changes in the methods for determining eligibility for low-income participants if such changes would reduce or exclude participation of persons in the programs, and specified that priority in designating Head Start agencies for initial or additional appropriations must be given to existing programs unless it is found that such grantees fail to meet specified standards. The Amendments required the provision of training and technical assistance, including specified components, and further mandated that such funds are not to be less than the amount expended in FY 1982 unless appropriations fall below the FY 1984 level. Finally, P.L. 98–558 added language making it explicit that local Head Start programs may provide more than one year of services to children from age three to the age of compulsory school attendance in their states.

For the CSBG program, the 1984 Amendments made permanent previous temporary provisions requiring states that administer the CSBG funds to use at least 90 percent of their allotments to fund "eligible agencies" (called the "pass-through" requirement), and expanded the definition of eligible agencies to include prior CSA grantees as well as Community Action Agencies (CAAs). P.L. 98–558 specified procedures for designating a new agency to provide services in cases where no existing eligible entity exists or where such agencies do not choose to provide services. It limited the amount of funding available to organizations which were not eligible entities during the previous fiscal year to 7 percent of the "pass-through" funds. The Amendments allowed states to increase the eligibility criteria for participation in the CSBG program to 125 percent of the federal poverty level; expanded the discretionary program by adding training and technical assistance to states to help them carry out their responsibilities under this program; allowed grants, loans, and guarantees to be made to private nonprofit organizations applying jointly with business concerns; and established provisions for reviewing funding denials. As noted earlier, the 1984 Amendments established the Community Food and Nutrition discretionary grant program for public and private nonprofit agencies. Finally, the Amendments mandated the Secretary to conduct in several states each fiscal year evaluations of the uses made of funds received under the CSBG program and to report the results annually to Congress.

The FY 1986 Head Start appropriations language (P.L. 99–178) limited FY 1986 funding for Indian and migrant Head Start pro-

grams to $76.3 million, the same amount provided in FY 1985. The Head Start Act, as amended, mandates cost of living adjustments for the Indian and migrant programs each fiscal year to reflect, at a minimum, changes in the Consumer Price Index.

Explanation of the Bill

H.R. 4421 would reauthorize the Head Start, Follow Through, State Grants for Dependent Care, Community Service Block Grant, and Community Food and Nutrition programs for four additional years. The Committee is pleased to note the effectiveness of these programs and proposes no major legislative changes. H.R. 4421 includes primarily technical and clarifying changes in the law.

SECTION 1—SHORT TITLE

H.R. 4421 is given the name, "The Community Services Programs Amendments of 1986."

SECTION 2—HEAD START PROGRAMS

Authorization of Appropriations.—H.R. 4421 would reauthorize the Head Start program for fiscal years 1987, 1988, 1989, and 1990, at such sums as may be necessary.

Allotment of Funds.—Given the current budget uncertainties, the Committee bill replaces the automatic cost-of-living adjustment for Indian and migrant programs with a minimum funding level for these programs. This minimum funding level is $76,349,000, the amount obligated for use in FY 1985. The Committee is concerned that Indian and migrant Head Start programs receive at least a minimum level of protection. These programs have unique needs because of the special populations they serve. Many operate in traditionally underserved areas, and they are often the only such services available in their communities.

With regard to the distribution of funds, the Committee is disturbed by reports from Head Start grantees that their initial grants are not being awarded and received on a timely basis. In some cases, grantees have failed to receive funding awards for as long as a month or six weeks after the beginning of their federal funding cycle.

Such delays can result in a reduction in program staff, an interruption of or reduction in vital education, health and social services, and in certain instances, in additional and unnecessary costs being incurred by Head Start grantees.

The Committee believes that the Department of Health and Human Services should be cognizant of the adverse effects which unnecessary delays in funding have on local Head Start operations. We believe that the Department can and should complete its Head Start grant review process in such a manner as to ensure that prompt awards to successful grantees are made as soon as possible after final action on Head Start appropriations measures has been completed.

Participation in Head Start Programs.—The Committee bill continues through FY 1990 the current method of calculating income for the purposes of determining eligibility for participation in Head

Start programs. Should changes be advocated during the period of the reauthorization, this provision reserves to the Congress the sole authority for taking action.

The Committee recognizes that Head Start currently is serving only about 17 percent of its eligible population and strongly supports the expansion of the program to serve more children. However, the Committee is deeply disturbed by the endeavors of the Department of Health and Human Services (HHS) to increase enrollment by restricting local Head Start programs' options to provide more than one year of services to children.

It is critical that low income, at-risk preschoolers get enough help in developing the skills and self-confidence they need to enter school on an even footing with other children. The option of multi-year service is extremely important, particularly in the cases of the most vulnerable children. It would indeed be unfortunate if those children whose special needs require more than one year of participation were categorically precluded from receiving the additional benefits they need in order to succeed in school. One of the greatest strengths of the Head Start program is its flexibility in responding to the needs of individual families and communities. The question of whether a child may receive Head Start services for more than one year should be decided at the local program level.

The Department of Health and Human Services is in the process of developing regulations which would define the circumstances under which programs may serve children for more than one year. However, the Department already has sent memoranda to its regional offices setting specific targets for reducing the percentage of children receiving multi-year services. The Human Services Amendments of 1984 specifically provide that local programs may serve children from age 3 to the age of compulsory school attendance in their state. The Committee is particularly concerned over reports that restricting service to one year is being put forth as a condition of funding. Such an inflexible policy would contradict the intent of the Committee and the Congress. The Committee will be closely monitoring the development of regulations in this area and hopes that further amendments to the law will not be necessary to ensure congressional intent is carried out.

Training and Technical Assistance.—The Committee notes that H.R. 4421 makes no changes in provisions included in the 1984 reauthorization which require a minimum level of funding for Head Start training and technical assistance activities including the Child Development Associate program. The requirement for at least a minimum investment in training is essential to ensuring the efficacy of services. With a staff turnover rate of nearly 42 percent and a steady influx of new parent volunteers, Head Start must continually provide skills to new caregivers. Training is a measure of both the skills and the commitment of staff, and with the recent concerns about child abuse in child care settings, it is important to note that there has never been a documented case of child abuse in the Head Start program. The Committee continues to strongly support adequate funding for training activities as a commitment to the overall quality of Head Start.

Unemployment Compensation.—The Committee is concerned about the Administration's proposal to redefine Head Start grant-

ees as educational institutions within the meaning of the Federal Unemployment Tax Act, thus making Head Start employees ineligible for unemployment compensation benefits between terms, such as during summer breaks.

The Committee is concerned about the generally low wages that Head Start staff receive, and the negative impacts which inadequate wages can have both on the individual circumstances of Head Start employees and also on the quality of the whole program. The Committee believes it is important to examine thoroughly the larger issue of ensuring adequate salaries for Head Start staff before considering a proposal to further limit their income.

SECTION 3—FOLLOW THROUGH PROGRAMS

Authorization of Appropriations.—The Committee bill would authorize Follow Through for fiscal years 1987, 1988, 1989, and 1990, at such sums as may be necessary. Testimony before the Committee demonstrated conclusively that Follow Through assists children in continuing to meet achievement goals in the early elementary grades. Given that federal funding for education already has dropped 31 percent in real dollars since 1980, it is imperative that this effective program be maintained.

SECTION 4—STATE GRANTS FOR DEPENDENT CARE PROGRAMS

Authorization of Appropriations.—H.R. 4421 would name this subchapter "The Dependent Care Programs Act," and authorizes such sums as may be necessary for fiscal years 1987, 1988, 1989, and 1990. There is no doubt about the need for child care in communities across the country. In 1984, 56 percent of all children had mothers in the workforce.

This program could provide a vital incentive to encourage states and local governments to include child care issues—and solutions—on their agenda. Using modest grants as "seed money" provides an initiative for garnering the support of community organizations and employers. It encourages local partnership solutions to the child care needs of working families. Because child care allows parents to work, it helps families to become more self-sufficient. For example, an Ohio study found that the $2,000 a year which the state spends, on average, for full-time child care to enable a parent to be self-sufficient saves $6,000 a year in public assistance to meet the minimal survival needs of a mother and child.

SECTION 5—COMMUNITY SERVICES BLOCK GRANT PROGRAM

Community Services Grants Authorized.—H.R. 4421 would authorize $390 million for fiscal year 1987, and such sums as necessary for fiscal years 1988, 1989, and 1990. One of the principal reasons for GSBG's success in assisting the low-income to realize their full potential is the unique ability of Community Action Agencies (CAAs) to apply comprehensive solutions to the problems of poverty. The Committee was extremely impressed by the testimony it received showing that during 1984–1985, community action programs in one state alone resulted in an estimated savings in public ex-

penditures by federal, state, and local programs of almost $35 million.

The Committee was also impressed by General Accounting Office (GAO) testimony that no cases of duplication between activities funded under CSBG and those operated with Social Services Block Grant funds were found in a recent review they conducted. GAO further stated that CAAs and local Social Services agencies are usually aware of each other's activities and try to prevent duplication.

Applications and Requirements.—Recent reports from a number of sources highlight the problems of the homeless, pregnant youth, and children and the elderly living in poverty. Because of the special vulnerability of these populations, H.R. 4421 directs the Secretary to include in compliance evaluations identification of the impact that the uses made of CSBG funds have in these areas.

Discretionary Authority of the Secretary.—The bill contains several technical changes in programs operated under the Secretary's Discretionary authority which are intended to define more precisely eligible entities for assistance and activities to be carried out with these funds. The Committee concurs with recommendations of the Appropriations Committee that the Community Economic Development discretionary program be carried out in accordance with the Community Economic Development Act authorized by Chapter 8, subchapter A of the Omnibus Reconciliation Act of 1981. Therefore, H.R. 4421 specifically references Section 616 and Section 617(a) paragraphs (1) through (4) of that Act to provide better direction and clarity regarding the goals and structure of this discretionary program. The bill also directs that when considering awards under the discretionary program for technical assistance and training programs in rural housing and community facilities development, special consideration be given nonprofit agencies with experience in carrying out such programs.

SECTION 6—EFFECTIVE DATE

H.R. 4421 and the amendments made by it would take effect on October 1, 1986.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(l)(3) (B) and (C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 16, 1986.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 4421, the Community

Services Programs Amendments of 1986, as ordered reported by the House Committee on Education and Labor on April 10, 1986.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 4421.

2. Bill title: Community Services Programs Amendments of 1986.

3. Bill status: As ordered reported by the House Committee on Education and Labor on April 10, 1986.

4. Bill purpose: The purpose of this bill is to amend and extend the authorizations for Head Start, Follow Through, Dependent Care, Community Services Block Grants, and Community Food and Nutrition. This bill is subject to subsequent appropriations action.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991
Head Start:					
Estimated authorization level	1,289	1,358	1,430	1,507	.....
Estimated outlays	593	1,237	1,387	1,461	809
Follow Through:					
Estimated authorization level	8	8	9	10	.....
Estimated outlays	1	6	8	9	9
Dependent Care:					
Estimated authorization level	21	22	23	25	.....
Estimated outlays	14	21	23	24	8
Community Services Block Grants:					
Estimated authorization level	390	412	433	457	.....
Estimated outlays	266	396	426	449	144
Community Food and Nutrition:					
Estimated authorization level	3	3	3	3	.....
Estimated outlays	2	3	3	3	1
Bill total:					
Estimated authorization level	1,711	1,803	1,898	2,002	.....
Estimated outlays	876	1,663	1,847	1,946	971

The costs of this bill fall within function 500.

Basis of estimate.—This bill authorizes payments to public and private nonprofit agencies for the Head Start, Follow Through, and Community Food and Nutrition programs, and allotments to states for Dependent Care and Community Services programs. All programs except the Community Services Block Grants are authorized for 1987 through 1991 at such sums as may be necessary. For these programs, the stated 1986 authorization level, adjusted for inflation, was used to estimate authorization levels.

The 1987 authorization level for the Community Services Block Grants is stated in the bill. The outyear estimates reflect this level adjusted for inflation.

Outlay estimates were made assuming full appropriation of estimated authorization levels. Outlays for programs now funded re-

flect the current spending pattern. Outlays for Dependent Care, presently unfunded, reflect the spending pattern of the Community Services Block Grants, a program also involving allotments to states.

6. Estimated cost to State and local government: The programs authorized in this bill involve grants to state and local governments and public and private nonprofit agencies. With the exception of Dependent Care programs, no match of federal funds is required. The federal share for Dependent Care projects is limited to 75 percent. However, this federal contribution is intended as a supplement to current state expenditures.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Ken Pott (226–2820).

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Committee Estimate

With reference to the statement required by clause 7(a)(1) of Rule XIII of the Rules of the House of Representatives, the Committee adopts the estimate prepared by the Congressional Budget Office.

Inflationary Impact Statement

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the committee estimates that the enactment into law of H.R. 4421 will have little inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the committee that the inflationary impact of this legislation as a component of the Federal budget is negligible.

Committee Findings

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, this report embodies the findings and recommendations of the Subcommittee on Human Resources, established pursuant to clause 2(b)(1) of rule X of the House of Representatives and rule 18(a) of the Rules of the Committee on Education and Labor. Pursuant to its responsibilities, the committee has determined that legislation should be enacted as set forth in H.R. 4421.

Oversight Findings and Recommendations of the Committee on Government Operations

In compliance with clause 2(l)(3)(D) of Rules XI of the Rules of the House of Representatives, the committee states that no findings or recommendations of the Committee on Government Operations were submitted to the committee.

Section-by-Section Analysis

Section 1—Short Title

Section 1 names the bill the "Community Services Programs Amendments of 1986."

Section 2—Head Start Programs

Section 2(a) reauthorizes Head Start for fiscal years 1987, 1988, 1989, and 1990 at "such sums."

Section 2(b) amends Section 640(a)(2)(A) of the Head Start Act to provide that no less funds can be provided for Indian and Migrant Head Start programs for fiscal year 1987 and each subsequent fiscal year than were obligated for use for fiscal 1985.

Section 2(c) continues the current method of counting income for purposes of determining eligibility for Head Start through fiscal year 1990.

Section 3—Following Through Programs

Section 3 amends Section 663(a)(1) of the Following Through Act providing such sums as may be necessary for each of the fiscal years 1987, 1988, 1989, and 1990.

Section 4—Dependent Care Programs

Section 4 amends Section 670A of the Omnibus Reconciliation Act to title the subchapter as the "Dependent Care Programs Act" and authorizes such sums as may be necessary for fiscal years 1987, 1988, 1989, and 1990.

Section 5—Community Services Block Grant Program

Section 5(a) amends Section 672(b) of the Community Services Block Grant Act to authorize $390 million for fiscal year 1987 and such sums as may be necessary for fiscal years 1988, 1989, and 1990.

Section 5(b) amends section 675(i)(1) of the Community Services Block Grant Act to require that the compliance evaluations conducted by the Secretary include identifying the impact that the uses of these funds have on children, homeless families, pregnant youth, and the elderly poor.

Section 5(c) amends Section 681(a)(2) and Section 681(a)(2)(D) of the Community Services Block Grant Act to define more precisely eligible entities for assistance and eligible activities under this program.

Section 5(d) amends Section 681A(b) of the Community Services Block Grant Act to authorize such sums as may be necessary for the Community Food and Nutrition Program for fiscal years 1987, 1988, 1989, and 1990.

Section 6—Effective Date

Section 6 provides that this Act and the amendments made by it shall take effect on October 1, 1986.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HEAD START ACT

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter [$1,093,030,000 for fiscal year 1985, and] $1,221,000,000 for fiscal year 1986 *and such sums as may be necessary for each of the fiscal years 1987, 1988, 1989, and 1990.*

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 640. (a)(1) Of the sums appropriated pursuant to section 639 for any fiscal year beginning after September 30, 1981, the Secretary shall allot such sums in accordance with paragraphs (2) and (3).

(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities—

[(A) Indian and migrant Head Start programs and services for handicapped children, except that—

[(i) there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, no less funds for fiscal year 1982 and each subsequent fiscal year than were obligated for use by Indian and migrant Head Start programs for fiscal year 1981; and

[(ii) cost-of-living adjustments shall be made with respect to such Indian and migrant Head Start programs for fiscal year 1982 and each subsequent fiscal year, and such adjustments shall, at the minimum, reflect changes in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor;]

(A) Indian and migrant Head Start programs and services for handicapped children, except that there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, no less funds for fiscal year 1987 and each subsequent fiscal year than were obligated for use by Indian and migrant Head Start programs for fiscal year 1985;

* * * * * * *

PARTICIPATION IN HEAD START PROGRAMS

SEC. 645. (a)(1) * * *

(2) Whenever a Head Start program is operated in a community with a population of 1,000 or less individuals and—

(A) there is not other preschool program in the community;

(B) the community is located in a medically underserved area, as designated by the Secretary pursuant to section 330(b)(3) of the Public Health Service Act and is located in a health manpower shortage area, as designated by the Secretary pursuant to section 332(a)(1) of such Act;

(C) the community is in a location which, by reason of remoteness, does not permit reasonable access to the types of services described in clauses (A) and (B); and

(D) not less than 50 percent of the families to be served in the community are eligible under the eligibility criteria established by the Secretary under paragraph (1);

the Head Start program in each such locality shall establish the criteria for eligibility, except that no child residing in such community whose family is eligible under such eligibility criteria shall, by virtue of such project's eligibility criteria, be denied an opportunity to participate in such program. During the period beginning on the date of the enactment of the Human Services Reauthorization Act and ending on October 1, [1986,] *1990,* and unless specifically authorized in any statute of the United States enacted after such date of enactment, the Secretary may not make any change in the method, as in effect on April 25, 1984, of calculating income used to prescribe eligibility for the participation of persons in the Head Start programs assisted under this subchapter if such change would result in any reduction in, or exclusion from, participation of persons in any of such programs.

* * * * * * *

SECTION 663 OF THE FOLLOW THROUGH ACT

AUTHORIZATION OF APPROPRIATIONS

SEC. 663. (a)(1) There is authorized to be appropriated for carrying out the purposes of this subchapter [$10,000,000 for the fiscal year 1985 and] $7,500,000 for the fiscal year 1986 *and such sums as may be necessary for each of the fiscal years 1987, 1988, 1989, and 1990.*

* * * * * * *

SECTION 670A OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 670A. For the purpose of allotments to States to carry out the activities described in section 670D, there are authorized to be appropriated $20,000,000 for each of the fiscal years 1985 and 1987.]

SHORT TITLE; AUTHORIZATION OF APPROPRIATIONS

SEC. 670A. (a) This subchapter may be cited as the "Dependent Care Programs Act".

(b) For the purpose of making allotments to States to carry out the activities described in section 670D, there are authorized to be appropriated $20,000,000 for each of the fiscal years 1985 and 1986, and such sums as may be necessary for each of fiscal years 1987, 1988, 1989, and 1990.

COMMUNITY SERVICES BLOCK GRANT ACT

* * * * * * *

COMMUNITY SERVICES GRANTS AUTHORIZED

SEC. 672. (a) The Secretary is authorized to make grants in accordance with the provisions of this subtitle, to States to ameliorate the causes of poverty in communities within the State.

(b) There is authorized to be appropriated $389,375,000 for the fiscal year 1982 and for each of the 4 succeeding fiscal years to carry out the provisions of this subtitle. There is authorized to be appropriated [$400,000,000 for fiscal year 1985, and] $415,000,000 for the fiscal year 1986, *$390,000,000 for the fiscal year 1987, and such sums as may be necessary for each of the fiscal years 1988, 1989, and 1990,*

* * * * * * *

APPLICATIONS AND REQUIREMENTS

SEC. 675. (a) * * *

* * * * * * *

(i)(1) For purposes of determining compliance with this subchapter the Secretary shall conduct, the several States in each fiscal year, evaluations of the uses made of funds received under this subchapter by such States. *Such evaluations shall include identifying the impact that the uses made of such funds have on children, pregnant youth, homeless families, and the elderly poor.*

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DISCRETIONARY AUTHORITY OF SECRETARY

SEC. 681. (a) The Secretary is authorized, either directly or through grants, loans, or guarantees to States and public agencies and private nonprofit organizations, or contracts or jointly financed cooperative arrangements with States and public agencies and private nonprofit organizations, to provide for—

(1) training related to the purposes of this subtitle;

(2) ongoing activities of national or regional significance related to the purposes [of this subtitle,] *specified in section 616 of the Community Economic Development Act of 1981,* including special emphasis programs for—

[(A) special programs of assistance to private, locally initiated community development programs which sponsor enterprises providing employment and business development opportunities for low-income residents of the area;]

(A) programs of the types specified in paragraphs (1) through (4) of section 617(a) of the Community Economic Development Act of 1981;

(B) Rural Development Loan Fund revolving loans and guarantees under subchapter A of chapter 8 of subtitle A of this title;

(C) community development credit union programs administered under subchapter A of chapter 8 of subtitle A of this title;

(D) technical assistance and training programs in rural housing and community facilities development *(in selecting entities to carry out such programs, the Secretary shall give priority to private nonprofit organizations that before the date of the enactment of the Community Services Programs Amendments of 1986 carried out such programs under this subparagraph;*

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COMMUNITY FOOD AND NUTRITION

SEC. 618A. (a) * * *

(b) There is authorized to be appropriated $2,500,000 for each of the fiscal years 1985 and 1986 to carry out the provisions of this section, *and such sums as may be necessary for each of the fiscal years 1987, 1988, 1989, and 1990.*

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SUPPLEMENTAL VIEWS ON H.R. 4421

In general, we support the programs authorized by H.R. 4421 and therefore passage of this bill. In particular, Head Start and the Community Services Block Grant (CSBG) are valuable programs with proven track records of accomplishment.

The bill reauthorizes most programs at unspecified "such sums" levels, which will provide maximum flexibility in an uncertain budget environment. We commend the Committee for recognizing the severe budget restraints under which we must operate and agreeing to reduce the authorization level for CSBG from the current $415 million level to $390 million for fiscal year 1987. We are also pleased that the Committee resisted the temptation to initiate new programs in this bill.

At the same time, we believe it is the responsibility of the authorizing committee to set program priorities at a time when we are faced with severe deficit problems. We have an obligation to confront the deficit crisis and make the difficult decisions that will enable us to meet deficit targets. We are concerned that authorizations for Follow Through and dependent care grants have been included in this bill.

Follow Through was created in 1968 as a demonstration program to establish models for compensatory education in the early grades to build on gains made in Head Start. The program has largely achieved its purposes. Several reliable and replicable models have been, and continue to be, disseminated nationwide. Moreover, the same school districts are funded under Follow Through year after year, limiting its benefits. It is unnecessary and inappropriate to continue to fund the same 58 school districts and handful of university research centers to the exclusion of all others.

We do not believe that continuation of Follow Through can be justified and recommend that the program be discontinued as a separate, categorical program, as outlined under the terms of the Omnibus Budget Reconciliation Act of 1981. This Act provided that Follow Through be phased into Chapter 2 of the Education Consolidation and Improvement Act beginning in fiscal year 1985.

Similarly, we cannot justify reauthorization of the dependent care grant program. This program was first authorized in fiscal year 1985 for $20 million and received its first appropriation of $5 million in fiscal year 1986. These funds have been proposed for rescission, thus no money has been obligated for this program to date.

The dependent care program authorizes grants to States to (1) develop resource and referral systems to provide information on available dependent care services; and (2) to develop programs to furnish school-age child care services. The limitations in the law necessitate that a large portion of funds allocated to States will be used for administrative purposes. Moreover, the program does not target benefits in any way to reach the population most at-risk. Reauthorizing this program also ignores the fact that many State and local governments, as well as the private sector, are initiating child care efforts already without this federal involvement.

While there is undoubtedly a need for additional child care services, we believe it is inappropriate to reauthorize this program at

this time. It is unfocused and will have virtually no impact on those families most in need of assistance.

We therefore recommend that we begin to set priorities with this bill by deleting the authorizations for Follow Through and dependent care grants from the bill.

THOMAS E. PETRI.
STEVE GUNDERSON.
THOMAS J. TAUKE.
STEVE BARTLETT.
HARRIS W. FAWELL.

ADDITIONAL SUPPLEMENTAL VIEWS OF CONGRESSMAN HARRIS W. FAWELL ON H.R. 4421

I support the supplemental views presented by the Minority with regard to the Head Start, Follow Through, and Dependent Care programs. I am not convinced, however, of the proven track record of the Community Services Block Grant (CSBG) program. For this reason, I would have preferred that the committee report a bill which reauthorizes CSBG next year at the 1986 appropriations level of $368 million.

HARRIS W. FAWELL.